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an "administrative" and that under (b) a "legislative" donial of justice; and, in my opinion, justify the exertion of economic reprisals as well as dislocatio pressure. Discussion of these conclusions follows.

Delay in Restitution of American-owned Property

- 4. As a party to the "United Nations' Declaration against Economic Flundaring of Enemy-Occupied Territories and on invalidation of Axis Measures" of 5 Jan 43, the Yugoslav Government sciennily pledged itself to declare invalid any transfer of, or dealings with, property, rights and interests of any description whatsoover which are, or have been, situated in the territories which have come under computation or control, direct or indirect, of Axis Powers, or which belong, or have belonged to persons resident in such territories. This applies whother such transfer or dealings have taken the form of open alunder or locting, or of transections apparently logal in form, even when they purport to be volunterily offected. The Yugosley Sovernment was under obligation to implement the invalidation of such transfers or dealings with property, rights or interests which had occurred during the occupation, and to assist any government party to this declaration to offect its purpose.
- 5. The Tugoslav Government did not fulfill this pledge and the law passed to effect restoration of the property described was not applied to the majority of Americanowned property and never applied to any Americanowned industrial property. This Government could be highly subarrassed were a list compiled showing the devices and methods employed by the regime to delay the restoration. Such a list would prove the regime's intention was to create the impression of doing everything and being willing to effect the restitution and at the same time to raise difficulties of a "Dechnical" nature which alone provented restitution until the regime considered it safe to pass a nationalization law. (The dilemma which faced the Government is obvious now: on the one hand party dectrine called for nationalization of all industrial property; on the other was the desire to accomplish as much as possible at the impension Peace Conference, among other ways, by creating the impression that those conditions of which the destern democracies did not approve had to be accribed to conditions prevailing instediately after the war, when such measures were necessary, but that there is now a trend to normalize the Government's practice.)
- 5. One such device employed to delay resteration was the Government's deliverance, in about Movember 1946, of a circular note to all governments whole nationals comed industrial and other property in Yugoslavia, Inviting the to initiate discussions for restoration of the property. Then the Yugoslav Government created all menner of difficulties when the governments concerned asked that visus be granted the owners or their representatives to come to the country. When visus had finally been granted the visitors, they were not allowed to visit their plants. Further difficulties were presented inter shen some governments accepted the proposal even under conditions laid down by the Yugoslavs. In the end no industrial property, with the exception of a few Caschoslovakian plants, was restored.

Metionalization Law

- 7. There is a possibility that the Yugoslav Government will claim the US Government made the release of frozen funds dependent on payment of indemnity, thus for-feiting its right for a "reprisal" because it violated interestional law and fair practice. Should this contention be made, to point out:
 - (a) The treatment of UK property, particularly its non-restoration, and the way in which the Yugoslav ragine evaded restoring it until passage of the national-ization law, despite release of Yugoslav gold frozen during the war in Great Britain, and despite the promise given in the initialed draft agreement as a result of which the release was effected.

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- (b) It was the fugoslav Government which proposed starting negotiations to settle the problem of the American-owned property and the release of frezen funds at the same time. The US Government, in answering both notes, accepted the propose negotiations, expressing the desire that these two questions, with some others of Lead, Plan A---be discussed in the course of the impending negotiations. The fugoslar Government accepted this suggestion.
- (c) In the course of the US-Yugoslav financial negotiations last year I recall these the American delegation stated only that "they have the feeling that the question of American-evact property should be satisfied together with other questions under negotiation" or, on emother occasion desire the same negotiation, that "it wester be desirable to satisfied also this question along with the others." (I believe this was a proceeding staning from a convect interpretation of international has, the Us considering authority inclatence on the contingency of the two questions as perhaps gressiance at that times)
- (4) The expressed "desire" to settle the question of American property slong with the one of unfreezing cannot be interpreted as a discriminatory treatment of the Yugoglav case, because it had been attempted in most other instances up until them.
- (a) Yugoslav notionals whose property is being ministered by the US alien Propert Contodian can without discrimination apply for its return under provisions of Public Law 332 and 571.

Rosentriate Prasa Contarousa

- Recombedies with the approximations Ambassador Economic had another press conference of the conference
- C. We statement in interesting from these other points of view also:
 - (a) It has obviously been made under strict instructions as to the exact wording one represents so official statement bluding the Government. The Yugoslev regime apparently chance to forget that it made a declaration prior to recognition by the US Covernment, in which it acknowledged all obligations contracted by the Government in Etilo, the financial ones being explicitly included.
 - (b) The Yugoslav "everment thereby raises the question of continuity, The Government in Exite undendedly was the recognized and legitimate government and by virture of the Inhalo-Niko agreement the present Yugoslav Government claims to be the successor of the Exited Government. In the statement it refers to the Government in Exite in Sic third person, andering that government's use of the funds was not the Silver, which, in the opinion of the present regime, was? Does the present government much to refuse to acknowledge all interactional obligations of the Exited Government and its legitimate predecessors? Surely the present regime and refuse to accept this interpretation and should make a declaration on the induse. The statement represents a blunder on its part as perhaps a useful blunder from the point of view of the Us.

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oligibility of a foreign national for the remody of return or recovery is a highly controversial one which has not you boom cleared by court practice.